IT PROJECT EVALUATION

Project Tracking No.: P-013-FY03-DHS

Return on Investment Program Funding Application (FY 2003 Request)

This is an electronic template. Please enter your responses on this document. Only electronic submittals of this template will be accepted. Proposals submitted after the designated due date may not receive funding consideration.
FINAL AUDIT REQUIRED: The Enterprise Quality Assurance Office of the Information Technology Department is required to perform a final project outcome audit, after implementation, for all Pooled Technology funded projects.

SECTION I: PROPOSAL

Date: June 11, 2001

Agency Name: Department of Human Services

Project Name: Random Moment Sampling

Expenditure Name:

Agency Manager: Pamela K. Sullivan

Agency Manager Phone Number / E-mail: 281-5588/psulliv@dhs.state.ia.us

Executive Sponsor (Agency Director or Designee): Jan Clausen

Request For ROI Application Waiver:

Agencies are required to complete this funding application when requesting funds for any project, any IT expenditure costing over $100,000, or any non-routine IT expenditure. If you feel there is compelling reason to waive this requirement, please provide (in the box provided below) a brief description of the project or expenditure, the budget amount, and a rationale for the waiver request. Until a decision is made regarding your waiver request, it is not necessary to complete any other portion of this application. The ITD Enterprise Quality Assurance Office will convey waiver request decisions within five working days of receipt.

Explanation:

A. Project or Expenditure Rationale

Is this project or expenditure necessary for compliance with a Federal standard, initiative, or statute? ☒ **YES** (If "YES," explain) ☐ **NO**

Explanation: Random Moment Sampling (RMS) is a methodology used to allocate State incurred costs for services provided to various programs thus, meeting federal requirements established to qualify for Federal Financial Participation (FFP) match for those programs. The requirements are mandated in the federal Office of Management and Budget Circular A-87 and 45 CFR 95. The RMS system supports the receipt of approximately $50 million annually in FFP.

Is this project or expenditure required by State statute? ☐ **YES** (If "YES," explain) ☒ **NO**

Explanation:

Does this project or expenditure meet a health, safety or security requirement?

☐ **YES** (If "YES," explain) ☒ **NO**

Explanation:

Is this project or expenditure necessary for compliance with an enterprise technology standard?
☐ **YES** (If "YES," explain) ☒ **NO**

Explanation:

Is this project or expenditure consistent with meeting the goals and objectives of the State's strategic plans?
☒ **YES** (If "YES," explain) ☐ **NO**

Explanation: This project complies with the States's strategic plans by creating a more accurate and efficient process for generating the justification needed to qualify the state to receive federal matching funds totalling more than $50 million annually. Specifically, the project complies with the following: 1.) the Accountable Government section of the Governor's Leadership Agenda, 2.) the Core Business Process section of the Department of Human Services Strategic Plan that calls for "refining processes through the efficient and appropriate use of technology", 3.)the Accountable Government Act elememt that calls for "allocating human and material resources available to state government to maximize measurable results for Iowans", and 4.) the Division of Fiscal Management's mission "to provide quality financial services to support and enhance the delivery of human services to Iowans".

Is this a "research and development" project or expenditure? ☐ **YES** (If "YES," explain) ☒ **NO**

Explanation:

B. Project or Expenditure Summary

1. Provide a pre-project or pre-expenditure (before implementation) and a post-project or post-expenditure (after implementation) description of the impacted system or process. In particular, note if the project or expenditure makes use of information technology in reengineering traditional government processes.

Response: Pre-project. Curently, DHS Fiscal Management utilizes a commercially available software package to import text files extracted from the HRIS to obtain certain data on social service and income maintenance workers for the creation of a quarterly database that contains 4,600 randomly selected moments in time for randomly selected workers. Once the database has been created, the cost allocation division prints out RMS observation forms on paper for each of the samples. The forms must be adressed, packaged and mailed to the respective Field Division regional offices for individual distribution. Each county in the state is assighned a sample taker who is responsible for presenting the RMS form to the selected employee for completion at a time as close as possible to the designated random moment selected (date and time). Upon completion, the employee returns the form to the sample taker who, inturn, forwards the completed form to the appropriate regional RMS coordinator (five in total) for review and approval. The Regional RMS coordinator sends the approved form to the cenrtal office for review and forwarding to the Cost Allocation division where final review, analysis and data entry occur. If the forms are completed accurately, they are input. If errors are present, the forms must be corrected through a process of follow-up with the employee and appropriate supervisors.

Post-project. The new system would develop the random samples in the same fashion as the current system. However, once the data base is created, electronic mail would takeover and an email would be sent to those employess being sampled at the precise moment they are to be sampled as pre=etermined in the database. (The email would contain a hot-link to the sample form.) Once the form is completed, it would be posted electronically to the appropriate database.

2. Summarize the extent to which the project or expenditure improves customer service to Iowa citizens or within State government. Included would be such items as improving the quality of life, reducing the government hassle factor, providing enhanced services, improving work processes, etc.

Response: The project will permit the DHS to improve operation of the cost allocation system in a time of reduced resources thus, allowing for the continuation and possible growth of FFP. In addition, the system will improve productivity of workers by lessening the time required to be devoted to the RMS and increase the time available for direct client services. The time expended on the handling of paperwork, approvals, error correction, postage expendidtures, printing costs and data entry costs associated with the RMS process would be reduced by an estimated 52%.

3. Identify the main project or expenditure stakeholders and summarize the extent to which each, especially citizens, is impacted. In particular, note if the project or expenditure helps reconnect Iowans to State government.

Response: The citizens of the State of Iowa are major stakeholders as they benefit from the approximately $50 million in FFP that the State receives as a direct result of the RMS system and, inturn, expends on services to citizens. Additional stakeholders in this project include: DHS field staff, field management, fiscal management and any DHS division that receives FFP for all or a part of it's operations. The impact on RMS coordinators, county sample takers, field management , sampled employees and cost allocation staff would be a reduction in time spent on the manual handling, completion, approval, correction and input of paper forms.

The federal government is a majot stakeholder since the purpose of the RMS project is to provide the documentation necessary to meet federal eligibility requirements for FFP reimbursements. The DOM, Revenue and Finance, Inspections and Appeals and the State Auditor also are intimately involved with the accurate recording and reporting of state financial information.

The governor and legislature are involved with the source, availability and allocation of funds in the state budget. As a result, the continuation of $50 million in federal revenue is important to their ability to provide/maintain/add services and maintain a balanced budget.

Also, the majority of human service programs deal directly with citizens and are designed to improve availability and accessability.

SECTION II: PROJECT ADMINISTRATION

A. Agency Information

1. Project Executive Sponsor Responsibilities: The sponsor must have the authority to ensure that adequate resources are available for the entire project, that there is commitment and support for the project, and that the organization will achieve successful project implementation.

Response: No response required.

2. Organization Skills:
   a. List the project management skills necessary for successful project implementation
   b. List the project management skills available within the agency
   c. List the source(s) of project management skills lacking within the agency
   d. Summarize relevant agency project management experience and results

Response: A. 1.)Ability to get along with people, gain cooperation and respect and obtain input from other project participants. 2.) Ability to accept and consider differing opinions. 3.) Ability to lead non=IT staff to desired results and abide by time schedules. 4.) Ability to articulate needs and requirements to IT staff. 5.) Ability to test and understand the results fron system design and provide constructive feedback to IT staff regarding required revisions. 6.) Ability to plan and manage. 7.) Ability to train users. 8.) Willing to be available to respond to questions and requests for information in a timely manner. 9.) Willingness to keep supervisors informed about project status and problems.
B. The designated project manager from DHS has the skills and ability to meet the above requirements. C.) We feel that all the skills required are available within the agency except for the IT technical skills. D.) The RMS people have worked with the IT people to successfully maintain the existing system..
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B. Project Information

1. History:
   a. Is this project the first part of a future, larger project? If so, please explain.
   b. Is this project a continuation of a previously begun project? If so, please explain project history, current status, and results.

Response: This project is designed to automate an existing manual process. It is not a part of a future, larger project nor is it a continuation of a previously begun project. It is not anticipated that there will be a follow-on project. However, it is expected that the project will require subsequent maintenance and revision as rules, regulations, processes and organizational changes occur.

2. Expectations: Describe the primary purpose or reason for the project.

Response: The primary purposes of the project are: 1.) to improve the operational efficiency and reduce the cost of administering the CAP , 2.) ensure that the state can continue to meet federal requirements that establish our eligibility to receive FFP, 3.) improve accountability over state incurred reimbursable costs to allow the state to receive a higher level of FFP, 4.) ensure the continuation of FFPduring a time period when state revenues have declined.

3. Measures: Describe the criteria that will be used to determine if the project is successful.

Response: The following measurements will be used: 1.) maintenance/increased FFP, 2.) reduced administrative costs, 3.) improved level of RMS accuracy, 4.) more timely completion of cost allocation results, 5.) level of service provided.

4. Environment: List the project participants (i.e. single agency, multiple agencies, State government enterprise, citizens, associations, or businesses, etc.).

Response: Project participants include the following: the Department of Human Services (DHS), the federal government, the Department of Management, the Iowa Department of Personnel, numerous county offices, the State Auditor, and the Department of Revenue and Finance.

5. Risk: Describe the project risks which may be internal or external to State government, i.e. implementing versus not implementing project, changing technology, potential cost overruns, changing citizen demand or need, etc.

Response: The primary risk is non-implementation, particularily if resources must be further reduced, that would result in a less effective,accurate and timely cost allocation system which, in turn, could lead to a reduction in FFP. It is most important during periods of declining revenues that FFP be maximized to assist with funding for existing services. Also, it is critical that the state continue to provide accurate claims that are supported with adequate documentation. The results of the random moment sampling are the heart of that documentation. Any reduction in FFP will result in a direct reduction in services. In addition, inaccurate claims will create a diminished level of trust on the part of the federal government, slow the reimbursement process and make approvals for new efforts, with federal participation, more difficult to obtain. The DHS currently receives approximately $50 million in FFP annually. The current cost allocation plan is dependent on old software provided by an outside vendor using old technology. The system is too labor intense, difficult to audit and lacks flexibility.

6. Security / Data Integrity / Data Accuracy / Information Privacy
   a. List the security requirements of the project
   b. Describe how the security requirements will be integrated into the project and tested
   c. Describe what measures will be taken to insure data integrity, data accuracy and information privacy.

Response: A.) NA. B.) NA. C.) The data will be contained on a server. A training program has been developed for all RMS paticipants. Privacy is not an issue.

7. Project Schedule
   Describe general time lines, resources, tasks, checkpoints, deliverables, responsible parties, etc.

Response: It is anticipated that twelve months would be needed from project start to completed product implementation. Tasks would include data collection, planning, design, testing and implementation. Checkpoints would occur at the end of the planning phase, as needed during design, prior to testing, during testing, and prior to implementation. The deliverable would be the final software and the related hardware. The DHS responsibility would rest with the project manager. The proposed schedule follows.

ACTIVITY	RESPONSIBILITY	DO DATE
Project Definition	DHS	01/01/02
Detail Description of Product Desired	DHS	04/01/02
Develop Plan and Define Final Design	DHS & IT/DDM	08/01/02
Design and Develop Product	IT/DDM	01/01/03
Test and Refine Final Product	DHS, IT/DDM & IDOP	05/31/03
Implementation	DHS & IT/DDM	07/01/03

SECTION III: TECHNOLOGY (In written detail, describe the following)

A. Current Technology Environment

1. Software (Client Side / Server Side / Midrange / Mainframe):
   a. Application software
   b. Operating system software
   c. Major interfaces to other systems, both internal and external

Response: A.) WIN RMS 2000. B.) WINDOWS '97. C.) None.

2. Hardware (Client Side / Server Side / Mid-range / Mainframe):
   a. Platform, operating system
   b. Storage and physical environment
   c. Connectivity and bandwidth
   d. Logical and physical connectivity
   e. Major interfaces to other systems, both internal and external

Response: A.) HOOVER 3S1 Server. B.) See A. C.) Don't know. D.) Don't know. E.) None.

B. Proposed Technology Environment

1. Software (Client Side / Server side / Mid-range / Mainframe)
   a. Application software
   b. Operating system software
   c. Major interfaces to other systems, both internal and external
   d. General parameters if specific parameters are unknown or to be determined

Response: A.) New. B.) Windows "97 (200?) . C.) HRIS. D.) To be determined.

2. Hardware (Client Side / Server Side / Mid-range / Mainframe)
   a. Platform, operating system
   b. Storage and physical environment
   c. Connectivity and Bandwidth
   d. Logical and physical connectivity
   e. Major interfaces to other systems, both internal and external
   f. General parameters if specific parameters are unknown or to be determined

Response: A.) Microsoft access. B.) (new) server. C.) Don't know. D.) Don't know. E.) HRIS. F.) To be determined.

C. Data Elements

If the project creates a new database, provide a description of the data elements.

Response: Employees used for RMS, RMS results, RM tables, employee pool, selection criteria.

SECTION IV: Financial Analysis

A. Budget: Enter figures and calculate (see formula below) Total Annual Prorated Cost (State Share).

$$\left[\left(\frac{Budget\ Amount}{Useful\ Life}\right)\times \%\ State\ Share\right]+\left(Annual\ Ongoing\ Cost\times \%\ State\ Share\right)=Annual\ \text{Pr}orated\ Cost$$

Budget Line Items	Budget Amount (1st Year Cost)	Useful Life (Years)	% State Share	Annual Ongoing Cost (After 1st Year)	% State Share	Annual Prorated Cost
Agency Staff	$8,000	4	50%	$	%	$1,000
Software	$	4	%	$2,000	50%	$1,000
Hardware	$10,000	3	50%	$	%	$1,667
Training	$	4	%	$	%	$
Facilities	$	1	%	$	%	$
Professional Services	$2,000	4	50%	$	%	$250
ITD Services	$70,000	4	50%	$	%	$8,750
Supplies, Maint, etc.	$	1	%	$	%	$
Other (Specify)	$	1	%	$	%	$
Totals	$90,000	-------	-------	$2000	------	$12,667

Transfer this amount to the ROI Financial Worksheet, item "D" on page 14.

B. Funding: Enter data or provide response as requested

1. This is (pick one):
   - ☒ A Pooled Technology Fund or Reengineering Fund Request
   - ☐ An Agency IT Expenditure or Budget Request (General Fund, Road Funds, etc)
   - ☐ Other – Specify:

2. On a fiscal year basis, enter the estimated cost by funding source?

	FY03		FY04		FY05	
	Cost ($)	% Total Cost	Cost ($)	% Total Cost	Cost ($)	% Total Cost
State General Fund	$4,000	5%	$	%	$	%
Pooled Tech. Fund	$41,000	45%	$	%	$	%
Federal Funds	$45,000	50%	$	%	$	%
Local Gov. Funds	$	%	$	%	$	%
Grant or Private Funds	$	%	$	%	$	%
Other Funds (Specify)	$	%	$	%	$	%
Total Project Cost	$90,000	100%	$	100%	$	100%

If applicable, summarize prior fiscal year funding experience for the project / expenditure.

Response: N/A

1. On a fiscal year basis, how much of the total ($ amount and %) project / expenditure cost would be absorbed by your agency from normal operating budgets (all funding sources)?

Response: Year 1 - $4,000. Other years - $2,000. Split = 50% state and 50% federal.

2. Identify, list, and quantify all new annual ongoing (maintenance, staffing, etc.) related costs (State $s) that will be incurred after implementation or expenditure.

Response: It is anticipated that ongoing operating and maintenance costs will be approximztely the same for the new system as they are for the current system which will result in no additional costs. The funding sources should remain unchanged as well.

C. ROI Financial Worksheet: Respond to the following and transfer data to the ROI Financial Worksheet (see IVC11) as necessary:

1. Annual Pre-Project Cost – Quantify all actual state government direct and indirect costs (personnel, support, equipment, etc.) associated with the activity, system or process prior to project implementation. This section should be completed only if state government operations costs are expected to be reduced as a result of project implementation.

Response: Personal services - $91,590, system maintenance - $2,000, support - $1,410. Total = $95,000. The estimated FFP rate is 50% which means state funding would be $47,500.

2. Annual Post-Project Cost – Quantify all estimated State government direct and indirect costs associated with activity, system or process after project implementation. This section should be completed only if State government operations costs are expected to be reduced as a result of project implementation.

Response: Personal services - $44,362, system maintenance - $2,000, support - $138. Total - $46,500. The estimated FFP rate is 50% which means state funding would be $23,250.

3. State Government Benefit -- Subtract the total "Annual Post-Project Cost" from the total "Annual Pre-Project Cost." This section should be completed only if State government operations costs are expected to be reduced as a result of project implementation.

Response: $47,500 - $23,250 = $24,250 (State share)

4. Citizen Benefit – Quantify the estimated annual value of the project to Iowa citizens**.** This includes the "hard cost" value of avoiding expenses ("hidden taxes") related to conducting business with State government. These expenses may be of a personal or business nature. They could be related to transportation, the time expended on or waiting for the manual processing of governmental paperwork such as licenses or applications, taking time off work, mailing, or other similar expenses. As a "rule of thumb," use a value of $10 per hour for citizen time savings and $.325 per mile for travel cost savings.

Response: Unknown

5. Opportunity Value/Risk or Loss Avoidance Benefit – Quantify the estimated annual non-operations benefit to State government. This could include such items as qualifying for additional matching funds, avoiding the loss of matching funds, avoiding program penalties/sanctions or interest charges, avoiding risks to health/security/safety, avoiding the consequences of not complying with State or federal laws, providing enhanced services, avoiding the consequences of not complying with enterprise technology standards, etc.

Response: Random moment sampling (RMS) is the major component of the state's Cost Allocation Plan (CAP). The CAP is a requirement of the federal government to document costs that are eligible for federal funding under various human service and block grant programs. Currently, the DHS utilizes a RMS system that is labor intense, supported by paper documents, and not integrated with other systems from which support information must be taken. The system is supplied from an outside contractor and support has been unsatisfactory. Also, the system is old technology.

The software vendor has developed a new electronic sampling system but, it doesn't integrate with the systems that we need to have it integrate with and it is not compatible with DDM requirements. No other suitable vendor packages have been identified.

The state cannot afford to have the RMS system become inoperable. The RMS is an integral part of the CAP which, in turn, provides the documentation necessary to meet federal funding eligibility requirements. The DHS currently receives approximately $50 million in federal funding annually. In addition, the current condition of the DHS budget has necessitated reductions to resources, including personnel. The new system will be more efficient and require less manual effort while improving accuracy and timeliness.

The new system will reduce the chance for errors and/or non-compliance with federal requirements and be more capable of meeting potential new federal requirements. It will also improve the timeliness of reports. As a result, the state will be in a better position to maximize the FFP received and, in turn, services provided while avoiding non-compliance with federal rules and regulations.

6. Total Annual Project Benefit -- Add the values of all annual benefit categories.

Response: $48,500

7. Total Annual Project Cost – It is necessary to estimate and assign a useful life figure to each cost identified in the project budget. Useful life is the amount of time that project related equipment, products, or services are utilized before they are updated or replaced. In general, the useful life of hardware is three (3) years and the useful life of software is four (4) years. Depending upon the nature of the expense, the useful life for other project costs will vary between one (1) and four (4) years. On an exception basis, the useful life of individual project elements or the project as a whole may exceed four (4) years. Additionally, the ROI calculation must include all new annual ongoing costs that are project related. Completing Section IV-A, Project Budget of the evaluation document will provide all the necessary information for this item.

Response: $12,667

8. Benefit / Cost Ratio – Divide the "Total Annual Project Benefit" by the "Total Annual Project Cost." If the resulting figure is greater than one (1.00), then the annual project benefits exceed the annual project cost. If the resulting figure is less than one (1.00), then the annual project benefits are less than the annual project cost.

Response: 3.83

9. ROI -- Subtract the "Total Annual Project Cost" from the "Total Annual Project Benefit" and divide by the amount of the requested State IT project funds.

Response: 0.8740

10. Benefits Not Readily Quantifiable -- List the project benefits which are not readily quantifiable (i.e. IT innovation, unique system application, utilization of new technology, hidden taxes, improving the quality of life, reducing the government hassle factor, meeting a strategic goal, etc.). Rate the importance of these benefits on a "1 – 10" basis, with "10" being of highest importance. Check the "Benefits Not Readily Quantifiable" box in the applicable row.

Response: 1.) Meets the strategic goal of more accountable government (2). 2.) Meets the strategic goal of enhancing the level of technology utilization (3). 3.) Reduces both the internal and external hassle factor (4). 4.) Improves efficiency, effectiveness and accuracy (1).

11. ROI Financial Worksheet

Annual Pre-Project Cost - How You Perform The Function(s) Now	
FTE Cost (salary plus benefits):	$91,590
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	$1,410
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	$
A. Total Annual Pre-Project Cost:	$93,000
Annual Post-Project Cost – How You Propose to Perform the Function(s)	
FTE Cost:	$44,362
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	$138
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	$
B. Total Annual Post-Project Cost:	$44,500
State Government Benefit (= A-B):	$48,500
Annual Benefit Summary	
State Government Benefit:	$48,500
Citizen Benefit:	$
Opportunity Value or Risk/Loss Avoidance Benefit:	$
C. Total Annual Project Benefit:	$48,500
D. Annual Prorated Cost (SECTION IV-A):	$12,667
Benefit / Cost Ratio: (C / D) =	3.8
Return On Investment (ROI): (C – D / Requested Project Funds) x 100 =	87.4%
☒ **Benefits Not Readily Quantifiable**	

Section V: ITC Project Evaluation Criteria

Criteria and Location in Project Evaluation Document		Points
1.	Is the project a statutory requirement; legal requirement; federal or state mandate; health, safety or security requirement or issue; and/or required for compliance with the enterprise technology standards? **Location: Section I-A**	**15**
2.	Will the project improve customer service? **Location: Section I-B.2**	**15**
3.	Does the project have a direct impact on citizens? To what extent does the project help reconnect state government with Iowans? **Location: Section I-B.3**	**10**
4.	Does the project provide a sufficient tangible and/or intangible return on investment? Will it generate savings or income? **Location: Section IV-C**	**10**
5.	Does the project make use of information technology and its practical application in reengineering traditional government processes consistent with the goals and objectives of the state's strategic plans? **Location: Section I-B.1**	**10**
6.	Risk: What are the risks associated with the project? Such risks may include those internal and external to state government, the risk of doing a project, the risk of not doing a project, and the risks associated with changing technologies, potential cost overruns, and changing citizen demands and needs. **Location: Section II-B.5**	**10**
7.	Is this funding required to continue a project that was begun prior to the year funding is being requested for and does it have proven past performance? Is the funding part of a multi-year strategy? **Location: Section II-B1, IVB2**	**10**
8.	Will the project be for only one agency, multiple agencies, or the state government enterprise? **Location: Section I-B3, IIB4**	**10**
9.	Has the applicant maximized their own and other resources in the project? Is alternative funding unavailable for this project? (If no other funding available, project will not be completed without Pooled Technology funding) **Location: Section IV-B.2, IV-B.3**	**5**
10.	What is the credibility of the requester based on past performance on other projects? **Location: Section II-A.2.d**	**5**
	Total	**100**